

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
HAWAIIAN ELECTRIC COMPANY, INC. )  
For Approval to Commit Funds in )  
Excess of \$500,000 for )  
Item P0000669, Conversion from )  
Overhead to Underground within the )  
Kakaako Redevelopment District, )  
Improvement District 10. )  
\_\_\_\_\_)

DOCKET NO. 03-0135

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DIV. OF CONSUMER ADVOCACY  
DEPT. OF COMMERCE AND  
CONSUMER AFFAIRS  
STATE OF HAWAII

DECISION AND ORDER NO. 20380

Filed August 19, 2003  
At 11:30 o'clock A.M.

Karen Higashi  
Chief Clerk of the Commission

ATTEST: A True Copy  
KAREN HIGASHI  
Chief Clerk, Public Utilities  
Commission, State of Hawaii.  
K. Higashi

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Docket No. 03-0135  
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DECISION AND ORDER

I.

On May 13, 2003, HAWAIIAN ELECTRIC COMPANY, INC. ("HECO") filed an application for approval to commit an estimated \$660,153 for Item P0000669, the Conversion from Overhead to Underground within the Kakaako Redevelopment District, Improvement District No. 10 project ("Proposed Project"). HECO makes its request under Rule 2.3.g.2 of General Order No. 7, *Standards for Electric Utility Service in the State of Hawaii* ("G.O. No. 7").<sup>1</sup>

Copies of the application were served on the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"). On June 3, 2003, the Consumer Advocate filed its preliminary statement of position indicating its participation in this docket and its intention to serve HECO with information requests ("IRs"). The Consumer

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<sup>1</sup>For the purposes of this decision and order, "Rule" and "Paragraph" are synonymous.

Advocate served HECO with IRs on June 17, 2003. On July 11, 2003, HECO filed responses to the IRs.

On July 9, 2003, HECO filed a letter requesting an extension of the Rule 2.3.g.2 G.O. No. 7 requirement that the commission act on a utility's application filed under the rule within 90 days ("90-day Review Period") to August 22, 2003 ("Extension Request").<sup>2</sup> By Order No. 20340, filed on July 18, 2003, the commission approved HECO's Extension Request and concurrently required the Consumer Advocate to file its statement of position on the matters of this docket by August 8, 2003. On August 6, 2003, HECO filed additional information for the record in response to questions posed by the Consumer Advocate through electronic mail dated July 30, 2003.

On August 8, 2003, the Consumer Advocate filed its statement of position informing the commission that it does not object to the approval of HECO's application in this docket.

## II.

### A.

Through this project, HECO intends to: (1) install underground facilities on Queen Street from Kamakee to Waimanu streets; and (2) relocate its existing overhead facilities on Waimanu Street in conjunction with the plans of the State of Hawaii-Hawaii Community Development Authority ("HCDA"), for the Kakaako Redevelopment District, Improvement District 10.

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<sup>2</sup>The 90-day review period for the commission to act on HECO's application in this docket would have expired on August 11, 2003.

Specifically, the Proposed Project will include the: (1) underground installation of about 160 feet of single conductor (1/C) 1/0 PEICN 25kV cable; (2) installation of one padmounted transformer unit; and (3) installation of two poles and two anchors to replace the existing poles from the existing right-of-way for a new one.

Also included in the Proposed Project is approximately \$500,218 in betterment costs. This aspect of the project involves the installation of 6-inch ducts (as oppose to 5-inch ones) and additional ducts and larger manholes for the installation of 25kV cables in the future. Specifically, this includes the installation of approximately: (1) 900 feet of 4-6 inch and 2-4 inch ducts; (2) 180 feet of 2-6 inch and 2-4 inch (stub out) ducts; (3) 80 feet of 2-4 inch (stub out) ducts; (4) 112 feet of 4-6 inch and 2-4 inch (stub out) ducts; (5) three 6' x 14' manholes; (6) one 3' x 5' handhole; and (7) one transformer vault pad.

HECO represents that the system betterment costs scheduled for this project will alleviate the need to later "dig up the road to install and build new ducts if/when" HECO converts its distribution voltage from 12kV to 25kV. This conversion is anticipated due to the estimated future capacity needs of the area.

HECO expects to begin this project in September 2004, and forecasts a completion date of October 2004.<sup>3</sup>

B.

The commission, in Decision and Order No. 13420, filed on August 4, 1994, in Docket No. 94-0024, recognized that:

The legislature created [the] HCDA [by adopting chapter 206E, Hawaii Revised Statutes ("HRS")] to identify and establish community development districts for urban renewal and improvement. The legislature also designated the Kakaako Community Development District (KCDD) as one such community development district. In pursuing its mandate, HCDA is empowered to plan, locate, and develop public facilities to support the KCDD development, and establish community development rules on health, safety, building, planning, zoning, and land use.

HCDA's redevelopment plans are incorporated by reference into state law through the addition of a new subchapter to the HCDA administrative rules. As part of its overall plans for the redevelopment of Kakaako, HCDA has determined that existing overhead lines in KCDD should be placed underground. Thus, HECO is required, by law, to place designated lines underground.

The legislature also empowered HCDA to allocate the costs of redevelopment between HCDA, the affected utilities, and properties that may benefit from the improvements.<sup>4</sup>

As with other similar "redevelopment" projects and in accordance with state law, the costs of the Proposed Project will

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<sup>3</sup>HECO cautions that the start date for the Proposed Project is dependent on HCDA's outside construction schedule. See Application at 3 and 4 for a detailed description of this work.

<sup>4</sup>See also Decision and Order No. 18411, filed on March 12, 2001, in Docket No. 00-0322.

be shared between HECO, HCDA, and the affected property owners. HECO currently estimates a contribution-in-aid-of-construction ("CIAC") of approximately \$48,412.<sup>5</sup>

C.

Upon completion of its investigation, the Consumer Advocate informs the commission that it does not object to the approval of the Proposed Project. While the Consumer Advocate noted certain concerns about HECO's system betterment costs, it decided to not object to the additional expenditures since, among other things, the incremental costs difference between a 12kV and a 25kV system is insignificant when HECO's total plant in service and sales is considered and since it recognizes that placement of the 25kV system at this time would dispense with the need for HECO to later "dig up" the road when and if the area is converted from a 12kV to a 25kV system. The Consumer Advocate concluded that the proposed allocation of costs of the Proposed Project is reasonable since it is consistent with HCDA's cost sharing formula applied in prior similar matters. Moreover, while the Consumer Advocate also expressed certain concerns regarding the reasonableness of the estimated costs of the Proposed Project, it stated its preference to wait for the opportunity to review the actual costs upon completion of the project and noted that it can pursue any

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<sup>5</sup>HECO's portion of the cost is approximately \$611,741, which includes \$500,218 in system betterment costs, which is born solely by HECO.

adjustments, if necessary, after the final project cost report is filed and/or during HECO's next rate proceeding.

### III.

Upon careful review of the record, the commission finds the Proposed Project to be reasonable and in the public interest. The Proposed Project appears to be consistent with the purposes of chapter 206E, HRS. Considering the anticipated growth in the area and the corresponding need for more capacity, it appears that HECO's system betterment costs for the project are reasonable and in furtherance of the goals of HCDA and chapter 206E, HRS.

Thus, the commission concludes that HECO's application to commit approximately \$660,153 for Item P0000669, the Conversion from Overhead to Underground within the Kakaako Redevelopment District, Improvement District No. 10, should be approved.

### IV.

#### THE COMMISSION ORDERS:

1. HECO's application to commit approximately \$660,153 for Item P0000669, the Conversion from Overhead to Underground within the Kakaako Redevelopment District, Improvement District No. 10, is approved; provided that no part of the project may be included in HECO's rate base unless and until the project is in fact installed, and is used and useful for utility purposes.

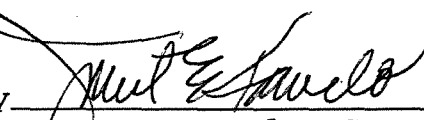
2. Within 60 days of the completion of the Proposed Project, HECO shall submit an accounting report with an explanation of any deviation of 10 per cent or more of the projected costs for the project. Failure to submit the report, as required in this decision and order, constitutes cause to limit the total cost of the Proposed Project for ratemaking purposes to that estimated in HECO's application.

DONE at Honolulu, Hawaii this 19th day of August, 2003.

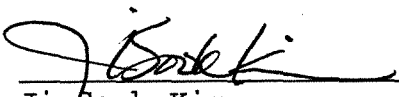
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By (EXCUSED)  
Wayne H. Kimura, Commissioner

By   
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

  
Ji Sook Kim  
Commission Counsel

03-0135.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 20380 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
DIVISION OF CONSUMER ADVOCACY  
P. O. Box 541  
Honolulu, HI 96809

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Karen Higashi

DATED: August 19, 2003